

Valerie M. Verduce
Federal Trade Commission
225 Peachtree Street, NE
Suite 1500
Atlanta, GA 30303

Date: 11/25/2008

Regarding: FTC v. Direct Connection Consulting
Invoice No: 3

Services Rendered

<u>Date</u>	<u>Staff</u>	<u>Description</u>	<u>Hours</u>	<u>Rate</u>	<u>Charges</u>
7/15/2008	CE	Telephone conference with Gene Watkins at Cbeyond regarding phone service; telephone conference with Jayna Bell at Cbeyond regarding phone service; telephone conference with Customer Care department at Cbeyond to insure that there is no interruption of service	0.70	\$85.00	\$59.50
7/15/2008	CE	Telephone conference with Georgia Power to insure that electricity has not been disconnected to Direct Connection office	0.20	\$85.00	\$17.00
7/15/2008	CE	Receive and review mail from post office box for refund requests from Direct Connection	0.60	\$85.00	\$51.00
7/16/2008	CE	Telephone conference with Gretchen at Georgia Power to verify that there will be no interruption of service at Direct Connection	0.20	\$85.00	\$17.00
7/16/2008	JC	Review customer accounts of Encore Marketing to verify that no new charges were being placed on the accounts	0.50	\$85.00	\$42.50
7/17/2008	CE	Finalize subpoena for service on Verifi	0.30	\$85.00	\$25.50

7/17/2008	CE	Receive and review requests mailed to Direct Connection refund request post office box	0.40	\$85.00	\$34.00
7/17/2008	CE	Receive and review email from Stephanie Friese regarding Digicom lease termination; forward email to Receiver and EH for follow up	0.30	\$85.00	\$25.50
7/17/2008	JC	Finalize letter and subpoena and send to Verifi regarding collection of data on charges to consumers	0.50	\$85.00	\$42.50
7/17/2008	JC	Draft letter and subpoena for Verifi	0.40	\$85.00	\$34.00
7/17/2008	JC	Research and review DCC's relationship with In Touch and retrieve documents from Joann Winter's computer	0.50	\$85.00	\$42.50
7/18/2008	CE	Receive and review mail for refund requests of Direct Connection	0.30	\$85.00	\$25.50
7/21/2008	CE	Receive and review mail from refund request post office box for Direct Connection	0.50	\$85.00	\$42.50
7/21/2008	CE	Receive and review mail from Digicom Marietta office	0.50	\$85.00	\$42.50
7/21/2008	JC	Telephone conference with Mantra counsel regarding package of incoming documents	0.10	\$85.00	\$8.50
7/21/2008	JC	Teleconference with Ron Guttman of Verifi regarding subpoena for charge information on DCC	0.30	\$85.00	\$25.50
7/21/2008	JC	Review DCC contracts with NMC to determine the status of the funds in the reserve accounts; email the Receiver reporting the findings and recommending action	1.20	\$85.00	\$102.00
7/21/2008	PH	Receive and review emails between EH and NMC counsel regarding funding chargebacks	0.10	\$215.00	\$21.50
7/21/2008	PH	Exchange emails with EH regarding priority tasks	0.00	\$215.00	No Charge
			0.20		No Charge

7/21/2008	PH	Receive and review two docket entries and orders issued by Judge Batten	0.20	\$215.00	\$43.00
7/22/2008	JC	Discuss defendants account in Ebor response motion with MF	0.40	\$85.00	\$34.00
7/22/2008	JC	Receive and review email from Cbeyond and forward email to the Receiver and EH with comments	0.10	\$85.00	\$8.50
7/22/2008	JC	Review defendants pleadings in Ebor response	0.30	\$85.00	\$25.50
7/22/2008	PH	Email to EH regarding outbound sales calls	0.00	\$215.00	No Charge
			0.10		No Charge
7/23/2008	JC	Review defense response to Ebor motion and pleadings attached	0.30	\$85.00	\$25.50
7/23/2008	JC	Research and draft response to defendant Ebor's response motion; discuss accounting and review DCC and Ebor balance sheets with MF and draft MF declaration; review draft with BA	6.50	\$85.00	\$552.50
7/23/2008	PH	Exchange emails with FTC regarding Edison Bonaventura	0.20	\$215.00	\$43.00
7/23/2008	PH	Exchange emails with FTC regarding division of labor	0.10	\$215.00	\$21.50
7/23/2008	PH	Receive and review email of docket entry for entry of appearance by counsel for Wells Fargo	0.10	\$215.00	\$21.50
7/24/2008	CE	Receive and review mail from Direct Connection refund request post office box	0.30	\$85.00	\$25.50
7/24/2008	JC	Teleconference with Dennis Tyner about Flying Dog and email the Receiver and EH about substance of conversation	0.30	\$85.00	\$25.50
7/24/2008	PH	Meeting with FTC and Todd Leatherman regarding Preliminary Injunction hearing; assist in drafting Defendant's Consent to PI and Joint Request to Remove Case from Docket	1.10	\$215.00	\$236.50

7/24/2008	PH	Assign MF task relating to gross sales minus chargebacks and refunds	0.00	\$215.00	No Charge
			0.10		No Charge
7/25/2008	CE	Conference with Receiver regarding steps necessary to vacate Digicom office and close Direct Connection office	0.30	\$85.00	\$25.50
7/25/2008	JC	Review and finalize Ebor Motion	0.90	\$85.00	\$76.50
7/28/2008	JC	Email with EH about Tim Walters and the Baron plane	0.10	\$85.00	\$8.50
7/28/2008	MS	Scan and Bates number documents produced by CitiBank	0.40	\$85.00	\$34.00
7/29/2008	CE	Email exchange with Receiver regarding vacating Digicom and Direct Connection office space	0.20	\$85.00	\$17.00
7/29/2008	CE	Telephone conference with Iron Mountain regarding picking up equipment at Direct Connection office	0.20	\$85.00	\$17.00
7/29/2008	CE	Prepare letter to customer service at Iron Mountain canceling Direct Connection account and requesting pick up of equipment	0.50	\$85.00	\$42.50
7/29/2008	CE	Conference with EH regarding status of shut down of Digicom and Direct Connection offices	0.50	\$85.00	\$42.50
7/29/2008	CE	Pick up mail from James Group for Digicom and post office box for Direct Connection refund requests	1.00	\$85.00	\$85.00
7/29/2008	CE	Receive and review mail from Digicom and post office box for refund requests	0.50	\$85.00	\$42.50
7/29/2008	CE	Telephone conference with Cohutta Water regarding picking up equipment at Direct Connection office	0.20	\$85.00	\$17.00
7/30/2008	CE	Telephone conference with Iron Mountain local office regarding picking up onsite equipment; fax letter to local Iron Mountain office regarding picking up equipment	0.30	\$85.00	\$25.50

7/30/2008	CE	Travel to Digicom offices to determine equipment/furniture that needs to be moved; travel to Allstate office to pay monthly auto insurance premium; travel to storage facility to arrange for storage of items in Digicom's office	2.00	\$85.00	\$170.00
7/30/2008	CE	Conference with EH regarding logistics of terminating all Direct Connection "customers"	1.00	\$85.00	\$85.00
7/30/2008	CE	Telephone conference with EH regarding lease for Digicom office, videotaping contents of office and steps necessary to move equipment/furniture from Digicom office; telephone conference with EH regarding money received from Pine Tree Teleservices	0.50	\$85.00	\$42.50
7/30/2008	CE	Telephone conference with Friese Legal regarding lease for Digicom Marietta office	0.20	\$85.00	\$17.00
7/30/2008	CE	Telephone conference with Falcon Insurance Agency to verify ownership of planes and to request copy of certificates of insurance	0.20	\$85.00	\$17.00
7/30/2008	CE	Email exchange with Friese Legal to obtain most recent Digicom lease with complete copy of exhibits	0.40	\$85.00	\$34.00
7/30/2008	CE	Two telephone conferences with Cohutta Water regarding arrangements to pick up equipment at Direct Connection office	0.30	\$85.00	\$25.50
7/30/2008	CE	Review SunTrust Bank statements to verify that no money was deposited from Pine Tree Teleservices	0.50	\$85.00	\$42.50
7/31/2008	CE	Telephone conferences with Friese Legal regarding complete copy of lease agreement for Digicom offices	0.40	\$85.00	\$34.00
7/31/2008	CE	Email exchange with Falcon Insurance Agency regarding aircraft insurance	0.30	\$85.00	\$25.50
7/31/2008	CE	Receive and review mail from Direct Connection office	0.40	\$85.00	\$34.00

7/31/2008	CE	Telephone conferences with Iron Mountain regarding discontinuing service and picking up onsite equipment	0.30	\$85.00	\$25.50
7/31/2008	CE	Conference with MF regarding emails in EB mail box regarding Mantra suits and communication from Mark Sawyer/Pine Tree Teleservices	0.30	\$85.00	\$25.50
7/31/2008	CE	Telephone conference with Automatic Protection Services regarding surveillance equipment installed at Digicom and Direct Connection offices	0.30	\$85.00	\$25.50
7/31/2008	CE	Coordinate and assist with vacating premises at 375 Franklin Road, Suite 460	5.50	\$85.00	\$467.50
7/31/2008	JC	Teleconference and email with Ron Guttman, counsel for Verifi regarding subpoena	0.30	\$85.00	\$25.50
8/01/2008	CE	Two telephone conferences with AVPS regarding money owed by Direct Connection and services provided; forward Preliminary Injunction Order to place account on hold	0.40	\$85.00	\$34.00
8/01/2008	CE	Telephone conference with Cistel Corporation regarding equipment installed at Direct Connection Roswell office	0.40	\$85.00	\$34.00
8/01/2008	CE	Make arrangements for truck to move furniture and equipment from Digicom office	0.30	\$85.00	\$25.50
8/01/2008	CE	Prepare letter to Cistel Corporation forwarding Permanent Injunction, Schedules of Equipment installed at Direct Connection office, and request for information regarding equipment	0.50	\$85.00	\$42.50
8/01/2008	CE	Prepare diagram of Digicom office; prepare inventory of furniture and equipment being removed from Digicom office	0.50	\$85.00	\$42.50
8/01/2008	CE	Telephone conference with U.S. Manifest Funding regarding outstanding	0.20	\$85.00	\$17.00

balance on lease and possession of
equipment being leased

8/01/2008	CE	Fax Preliminary Injunction Order to U.S. Bank Manifest Funding regarding outstanding lease agreement and equipment	0.30	\$85.00	\$25.50
8/01/2008	CE	Telephone conference with Georgia Power regarding placing account on hold to avoid service interruption; fax Preliminary Injunction Order to place account on hold	0.40	\$85.00	\$34.00
8/01/2008	CE	Create list of outstanding bills/payables for Direction Connection; set up list of vendors for claims processing	2.00	\$85.00	\$170.00
8/01/2008	CE	Telephone conference with CitiBank regarding notice received relating to request for re-opening account	0.20	\$85.00	\$17.00
8/01/2008	CE	Review documents produced by CitiBank to verify accuracy of account closings	0.90	\$85.00	\$76.50
8/01/2008	CE	Conference with BA regarding arrangements for moving and storing furniture and equipment from Digicom office	0.20	\$85.00	\$17.00
8/01/2008	CE	Conference with EH regarding CitiBank accounts	0.10	\$85.00	\$8.50
8/01/2008	JC	Email with MS regarding GGW records	0.10	\$85.00	\$8.50
8/01/2008	JC	Receive and review email from EH regarding Mantra lawsuit and email Joe Redd to update him on the Receivership	0.40	\$85.00	\$34.00
8/01/2008	JC	Forward GGW data to CE	0.10	\$85.00	\$8.50
8/01/2008	JC	Email with EH and BA regarding tasks left to do over the next week	0.20	\$85.00	\$17.00
8/01/2008	JC	Discuss Encore Marketing and strategy for using the remaining customers with EH	0.40	\$85.00	\$34.00
8/04/2008	BA	Toured Digicom office and to prepare for	3.00	\$85.00	\$255.00

moving furniture.

8/04/2008	CE	Telephone conference with Cistel regarding information forwarded as to equipment installed at Direct Connection	0.20	\$85.00	\$17.00
8/04/2008	CE	Receive and review mail from Direct Connection's refund request post office box	0.50	\$85.00	\$42.50
8/04/2008	CE	Continue making arrangements for move out of Digicom's Marietta office	1.50	\$85.00	\$127.50
8/04/2008	CE	Telephone conference with SunTrust Bank regarding freeze on accounts and past due amounts on bank card accounts and commercial loan account	0.70	\$85.00	\$59.50
8/04/2008	CE	Conference with Receiver regarding moving furniture and fixtures out of Digicom's office	0.30	\$85.00	\$25.50
8/04/2008	CE	Finalize list of outstanding payables for Direct Connection and Digicom	0.50	\$85.00	\$42.50
8/04/2008	CE	Continue compilation of amounts owed by Direct Connection and Digicom to outside vendors	2.00	\$85.00	\$170.00
8/04/2008	CE	Telephone conference with Phyllis Holty at AVPS regarding their decision to write off amount owed by Direct Connection	0.20	\$85.00	\$17.00
8/04/2008	CE	Email exchange regarding logistics of moving server rack	0.20	\$85.00	\$17.00
8/04/2008	CE	Conference with EH regarding process of shutting down Direct Connection and vacating Digicom space	0.30	\$85.00	\$25.50
8/04/2008	CE	Conference with BA regarding vacating Digicom Marietta office	0.30	\$85.00	\$25.50
8/04/2008	PH	Analyze possibility of continuing to receive income from consumers who have used SureTouch service in the past few months, the cost of continuing relationship with 19 Communications,	1.20	\$215.00	\$258.00

the expected income from continuing such service, and the advisability of that course; also, review options for discontinuing the ability of merchant processors to charge customers who have not yet canceled or requested a chargeback; consider pros and cons of each potential option and decide on the best course for each provider; instruct team to execute plan accordingly

8/05/2008	BA	Assist with moving furniture from Digicom office to storage space.	7.50	\$85.00	\$637.50
8/05/2008	CE	Receive message from Veronica Paulson at CitiBank regarding accounts for various defendants	0.20	\$85.00	\$17.00
8/05/2008	CE	Receive message from attorney for landlord of Digicom space regarding surrender of office	0.20	\$85.00	\$17.00
8/05/2008	CE	Conference with EH regarding continued follow up with vendors and merchants of Direct Connection and Digicom	0.50	\$85.00	\$42.50
8/05/2008	CE	Meet with EH and Receiver regarding work necessary to continue investigation and vacating both Direct Connection and Digicom offices	1.00	\$85.00	\$85.00
8/05/2008	CE	Continue to facilitate vacating Digicom office	4.00	\$85.00	\$340.00
8/05/2008	MS	Process and Bates number documents received from Process America; send team e-mail with documents attached	0.20	\$85.00	\$17.00
8/06/2008	BA	Review and revise email regarding 19 Communications; draft mutual release for 19 Communications; email and discuss with EH and Receiver	3.00	\$85.00	\$255.00
8/06/2008	CE	Draft subpoena to Pine Tree TeleServices requesting evidence of equipment purchase from Digicom in May 2008	0.50	\$85.00	\$42.50
8/06/2008	CE	Draft subpoena to In Touch Marketing regarding long distance minutes provided to and sold by Direct	0.50	\$85.00	\$42.50

Connection

8/06/2008	CE	Telephone conference with Stephanie Friese, attorney for Marietta office landlord, regarding surrendering office space; telephone conference with Chris Brown, Property Manager for Marietta office, scheduling time to meet and surrender space	0.30	\$85.00	\$25.50
8/06/2008	CE	Prepare email to In Touch regarding information on relationship with Direct Connection	0.20	\$85.00	\$17.00
8/06/2008	CE	Telephone conference with Cistel regarding information requested as to equipment installed at Direct Connection offices	0.20	\$85.00	\$17.00
8/06/2008	CE	Forward email to Cistel with schedule of equipment as provided in the U.S. Bank Manifest financing agreement	0.20	\$85.00	\$17.00
8/06/2008	CE	Process payment to Blue Cross/Blue Shield for July premium; prepare letter to Elliott Borenstein regarding his right to continue coverage under Georgia State Law; prepare letter to Joann Winter regarding her right to continue coverage under Georgia State Law	0.40	\$85.00	\$34.00
8/06/2008	CE	Forward email to Blue Cross Blue Shield regarding obligation to pay monthly premium for Elliott Borenstein and Joann Winter	0.20	\$85.00	\$17.00
8/06/2008	CE	Telephone conference with Canon USA regarding disposal of copier abandoned at Digicom office	0.30	\$85.00	\$25.50
8/06/2008	CE	Review Order to determine validity/application to past due utility services for Direct Connection and Digicom offices	0.50	\$85.00	\$42.50
8/06/2008	CE	Email exchange with EH and Receiver regarding unpaid utility bills at Direct Connection office	0.30	\$85.00	\$25.50
8/06/2008	CE	Second telephone call with In Touch regarding services being sold/provided	0.40	\$85.00	\$34.00

to Direct Connection clients

8/06/2008	CE	Telephone conference with Blue Cross Blue Shield regarding health insurance premium due; research regarding notification to principals of their rights under Georgia Continuation Law	0.40	\$85.00	\$34.00
8/06/2008	CE	Conference with MF regarding monies paid to In Touch by Direct Connection	0.20	\$85.00	\$17.00
8/06/2008	MS	Prepare check for Blue Cross Blue Shield in the amount of \$1,848.16	0.10	\$85.00	\$8.50
8/06/2008	PH	Review proposed email terminating all relationship with 19 Communications	0.10	\$215.00	\$21.50
8/06/2008	PH	Analyze continuing insurance coverage and direct action accordingly	0.20	\$215.00	\$43.00
8/06/2008	PH	Analyze prioritized to do list and direct action regarding retrieving additional information	0.20	\$215.00	\$43.00
8/06/2008	PH	Analyze latest numbers from 19 Communications and direct action accordingly	0.20	\$215.00	\$43.00
8/07/2008	BA	Review and revise 19 Communications release	1.00	\$85.00	\$85.00
8/07/2008	PH	Finalize email to Encore Marketing	0.20	\$215.00	\$43.00
8/07/2008	PH	Determine best route for shutting off communication of batch runs and significance of impact on consumers actually using services	0.40	\$215.00	\$86.00
8/08/2008	CE	Two telephone conferences with Iron Mountain regarding picking up equipment on August 8	0.30	\$85.00	\$25.50
8/08/2008	CE	Long telephone conference with Cistel regarding equipment onsite at Direct Connection, value and resale of such equipment	0.40	\$85.00	\$34.00
8/08/2008	CE	Receive and review numerous emails from Mark Sawyer regarding purchase of furniture and equipment from Digicom	0.50	\$85.00	\$42.50

8/08/2008	CE	Telephone conference with Shannon LeGrand of In Touch regarding business relationship with Direct Connection	0.20	\$85.00	\$17.00
8/08/2008	CE	Telephone conference with Georgia Power regarding freezing account pursuant to Section XVIII, B and C	0.20	\$85.00	\$17.00
8/08/2008	CE	Telephone conference with Mark Sawyer regarding monies supposedly paid to Digicom	0.40	\$85.00	\$34.00
8/11/2008	BA	Move furniture with CE from Digicom office to storage space.	4.00	\$85.00	\$340.00
8/11/2008	CE	Two telephone conferences with Shannon LeGrand of In Touch Marketing regarding business relationship with Direct Connection	0.40	\$85.00	\$34.00
8/11/2008	CE	Email exchange with Mark Sawyer of Pine Tree Teleservices regarding payment to Digicom for equipment/furniture	0.20	\$85.00	\$17.00
8/11/2008	CE	Receive and review fax of canceled check from Pine Tree Teleservices	0.20	\$85.00	\$17.00
8/11/2008	CE	Conference with EH regarding status of shut down of Direct Connection offices	0.50	\$85.00	\$42.50
8/11/2008	CE	Conference with JC regarding request for records from CitiBank	0.20	\$85.00	\$17.00
8/11/2008	CE	Finalize vacating Digicom office in Marietta and meet with property manager to surrender keys	3.50	\$85.00	\$297.50
8/11/2008	CE	Telephone conference with counsel for Georgia Power regarding continued electrical service to Direct Connection office	0.30	\$85.00	\$25.50
8/11/2008	JC	Review Process for America contract information	0.30	\$85.00	\$25.50
8/11/2008	JC	Review Chase Paymentech contracts to determine status of funds in reserve accounts	0.50	\$85.00	\$42.50

8/11/2008	JC	Email exchange with Alex Mergerdachian regarding potential auction of Winter storage unit and resolve the matter without an auction	0.40	\$85.00	\$34.00
8/11/2008	MS	Exchange e-mails with Eddie Torres of Paychex regarding DCC's payroll account	0.20	\$85.00	\$17.00
8/11/2008	MS	Brief discussion with MF regarding payroll for DCC; send e-mail to Eddie Torres to inform him to close the account	0.20	\$85.00	\$17.00
8/12/2008	BA	Review motion to expand receivership; revise motion and discuss with JC	1.50	\$85.00	\$127.50
8/12/2008	CE	Telephone conference with Andrew Cove, attorney for In Touch Marketing; email to Andrew Cove regarding information Receiver is requesting	0.30	\$85.00	\$25.50
8/12/2008	JC	Research and draft reply to defendants' response to Winter motion; consult with the Receiver and BA regarding legal arguments; draft MF declaration to attach to reply; file Winter motion	5.10	\$85.00	\$433.50
8/12/2008	MS	Format and file Receiver's Reply to Response in Opposition to Include Winter's Assets	0.80	\$85.00	\$68.00
8/12/2008	PH	Finalize email to Chase Paymentech	0.20	\$215.00	\$43.00
8/13/2008	JC	Email with Joe Redd and the Receiver regarding DCC lawsuit against Mantra Films	0.20	\$85.00	\$17.00
8/14/2008	CE	Email exchange with Andrew Cove, counsel for In-Touch Marketing, regarding business relationship with Direct Connection	0.20	\$85.00	\$17.00
8/14/2008	CE	Email exchange with Mark Sawyer of Pine Tree Teleservices regarding money supposedly paid to Digicom	0.20	\$85.00	\$17.00
8/14/2008	CE	Receive and review letter from counsel for Georgia Power regarding amount	0.20	\$85.00	\$17.00

due on account to keep electrical
service on

8/14/2008	CE	Email exchange with BCN regarding outstanding amount on Direct Connection account and Receiver's decision regarding paying invoice	0.20	\$85.00	\$17.00
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Total Fees	\$9,034.00
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Expenses

<u>Start Date</u>	<u>Description</u>	<u>Quantity</u>	<u>Charges</u>
7/31/2008	June/July Postage	1.00	No Charge
7/31/2008	Mileage for Cherie Eason (July)	83.00	No Charge
8/14/2008	LexisNexis/SmartLinx Reports	1.00	\$160.60
8/14/2008	PACER Charges	1.00	No Charge
	Total Expenses		\$160.60

Total New Charges	\$9,194.60
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Previous Balance	\$19,468.50
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11/19/2008	Payment	Valerie M. Verduce	\$-19,468.50
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Total Payments and Credits	\$-19,468.50
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Balance Due	\$9,194.60
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Staff Summary

<u>Name</u>	<u>Hours</u>	<u>Rate</u>	<u>Fees</u>
Ben Alper	20.00	\$85.00	\$1,700.00
Cherie Eason	52.60	\$85.00	\$4,471.00
Jamie Carroll	20.40	\$85.00	\$1,734.00
Melanie Smith	1.90	\$85.00	\$161.50
Pat Huddleston	4.50	\$215.00	\$967.50
Pat Huddleston	0.00	\$0.00	\$0.00